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ABSTRACT

Children whose family income is below the official poverty line determined by the Office of Management and Budget (OMB) are eligible for enrollment into Head Start. The official poverty line is currently \$13,400 per year. In a 1990 report, the Head Start Silver Ribbon Panel noted that: (1) Head Start eligibility requirements are more stringent than those of other federal programs; (2) local cost of living or family circumstances may require at-risk families above poverty guidelines to be allowed entry into programs; and (3) there is a need for flexibility of income guidelines or the use of a sliding fee scale. The National Head Start Association recommends that the Head Start income eligibility guideline be increased to match the Medicaid guideline of \$17,822 per year. This adjustment would make more than 500,000 low-income children eligible for Head Start services. The adjustment would also remove the barriers to coordination of services between Head Start and other services that result from differences in eligibility requirements. The method used by OMB for calculating the poverty line is explained. (BC)

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Head Start Income Guidelines Are Out of Touch With Poverty

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The Head Start Act describes Head Start as a program focused primarily upon the children of low-income families who have not reached the age of compulsory school attendance. Income eligibility is defined by family income below the "official poverty" line as determined by the Office of Management and Budget¹ (See page six for discussion of how poverty line is determined). However, this official poverty line has become increasingly unreliable, and as a result, many low-income preschool children are denied access to Head Start services. Moreover, because of this outdated measure of poverty, the true extent of child poverty and need in America is misrepresented and understated.

Today there is widespread consensus that child poverty is increasing and that high-quality, comprehensive child development programs help to ameliorate the problems caused by poverty. The recognized importance of early intervention is underscored by the establishment of Readiness for School as the First National Education Goal² and by White House and Congressional support for significant expansion of Head Start. Indeed, Head Start enrollment has increased by more than 130,000 children in the past two years³, and additional expansion is anticipated.

President Bush and the Congress deserve credit for their support of expanded services to low-income preschool children in Head Start, but more than a half-million low-income preschoolers are not even counted as eligible because of the outdated poverty line. The Congressional Research Service estimates that Head

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Start now reaches 28% of the 2,044,200 children currently eligible by law and regulation⁴. However, NHSA estimates that there are more than 2,500,000 low-income children who should be considered eligible for Head Start, and that Head Start is actually serving no more than 22% of the low-income children for whom Head Start was intended.

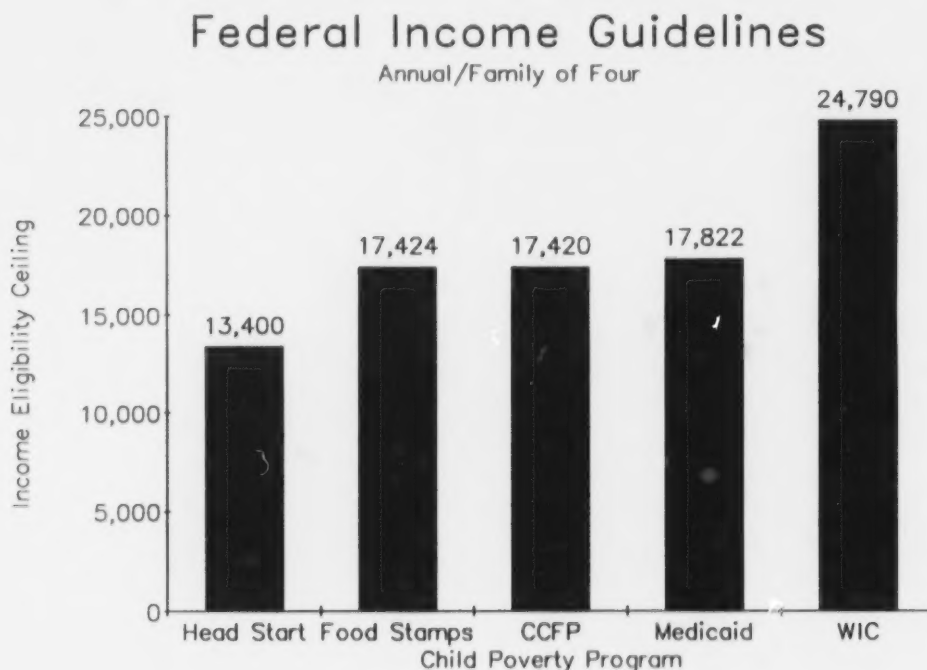
Income eligibility guidelines for Head Start are much more restrictive than nearly all other federal programs. Head Start income guidelines are lower than the guidelines for Medicaid, Child Care Food Program, WIC, JTPA, Food Stamps, and H.U.D. Recognizing the inadequacy of the official poverty line, many of these programs use a percentage above the poverty line to determine eligibility (Child Care Food Program - 130%, Medicaid - 133%, WIC - 185%). Income eligibility for others, such as JTPA is adjusted for regional variations in the cost of living.

The inadequacy of the current income guidelines, and the under projection of children in poverty, is startlingly clear when a four year old child from family of four with an income of \$13,500 in San Francisco, New York, Los Angeles or anyplace else in the continental United States is not eligible for Head Start because the family income is too high. (While the poverty line is not adjusted to reflect high cost areas, the Administration has designated the above cities as high cost areas and pays federal staff in these cities an additional 8% to adjust for the high cost of living.)

Concern about the Head Start income guidelines is not new. The Head Start Silver Ribbon Panel and the Office of the Inspector General (OIG) of HHS both identified this concern in 1990 reports. The Silver Ribbon Panel noted:

- o *"Head Start eligibility requirements are more stringent than other programs.*
- o *Local cost of living or family circumstances may require flexibility to allow more than ten percent of at risk families who are above federal poverty guidelines. This is particularly relevant where no other services, or limited services are available.*
- o *If Head Start is to encourage continuity of services and economic self-sufficiency, there may be the need for flexibility of the income guidelines or the use of a sliding fee scale."*⁵

Comparison of Income Guidelines



More than one-third of Head Start grantees surveyed by the OIG in a 1990 study of Dysfunctional Families in Head Start "believe that current income guidelines do not allow them to enroll the most needy families." The OIG report states "In

particular, grantees believe the guidelines exclude many of the working poor. These are families who may have severe needs but with incomes above the guidelines and usually with no health insurance or other benefits."

The time has come to address the inequities of an out-of-date measure which denies poor children access to Head Start. Head Start eligibility guidelines and regulations, based upon the current OMB Poverty Line, are too restrictive and should be revised to address the true extent of child and family poverty in America. The Poverty Line should be revised or, at minimum, Head Start income eligibility should be increased to match the Medicaid guideline, 133% of the poverty line. This would raise the income guideline for a family of four to \$17,822 per year (or \$1,485 per month before taxes).

Adjusting Head Start income guidelines would make more than 500,000 low-income preschool children and families eligible for Head Start's comprehensive services and would provide a more accurate picture of the needs of America's poorest children. NHSA expects that current Head Start policies and practices which place priority on serving those families in greatest need would continue ensuring that the poorest families are served first. However, revising income guidelines would allow Head Start to serve children from those low-income families who are currently denied access.

A higher income guideline would also enable Head Start families to continue services as they begin the upward path to economic self-sufficiency. Under current guidelines, a monthly gross income of \$1,000 a month (\$6/hour) would

make a single mother with two children *over-income and ineligible for Head Start*.

Current guidelines not only make it difficult to enroll and serve low-income families who are attempting to be economically self-sufficient, but make it difficult for other programs to coordinate services with Head Start. For example, one barrier to greater coordination between H.U.D. and Head Start (such as locating more Head Start centers in H.U.D. developments) is that most residents of low-income housing can not qualify for Head Start services because the Head Start guideline is so low. Revising the income guidelines would also help low-income children access nutrition and medical services, such as the Child Care Food Program (CCFP) and Medicaid, to which they are entitled. Unless they are enrolled in a program, children who qualify for the food program cannot access the nutritious meals. Similarly, Medicaid eligible children (up to 133% of poverty line) would benefit from the Head Start health component case management and medical services they are currently denied.

How the Poverty Line Is Measured

The original "poverty line" was established in 1969 and has been updated annually to reflect changes in the Consumer Price Index. The poverty line was computed using estimates of minimally adequate food budgets for families of various sizes and the assumption (based upon surveys conducted in the 1950's) that families spent one-third of their overall budget on food. Therefore, the poverty line was established at three times the cost of a minimally adequate food budget⁷.

The fundamental assumptions of the poverty line have not kept up with changes in American life. While the measurement of the poverty line has been adjusted for inflation, it is still based on the original line, and does not reflect changes in society or consumption patterns, such as the disproportionate increases in housing and medical costs. For instance, food costs today constitute only one-fifth of the average family budget. If the poverty line was adjusted to reflect this change in consumption, the 1987 threshold for a family of four would have been 48% higher, increasing to \$17,241, which is very close to \$17,822 eligibility line for Head Start advocated by NHSA.

Comparing the poverty line to median incomes is one way to show how the standard has slipped over time. In the earliest poverty line calculations (based upon 1959 data), the poverty line for a family of four was 49% of the median income. By 1967 the poverty line was only 43% of the median income, and by 1987 it was only 37% of median income. If the 1987 poverty line for a family of four were adjusted to maintain the same 1959 ratio of 49% of median income, it would increase from \$11,611 to \$15,118. Instead, the "official poor" have gotten more poor in comparison to everybody else.

Tables

Table 1. Comparison of Current Head Start and Medicaid Income Guidelines

Size of Family Unit	Head Start (Poverty Line) ^a	Medicaid (133% of Poverty)
1	6,620	8,805
2	8,880	11,810
3	11,140	14,816
4	13,400	17,822
5	15,660	20,828
6	17,920	23,834
7	20,180	26,839
8	22,440	29,845

^a1991 Family Income Guidelines for all states (except Alaska and Hawaii - which are somewhat higher), the District of Columbia, and Puerto Rico. For family units with more than 8 members, add \$2,260 for each additional member.

Table 2. Estimate of Head Start Eligibility/Participation Under Current Guidelines

Age	Eligible for Head Start ^a	Eligibles, not in public Kindergarten	Enrolled in Head Start ^b	Estimated percent served ^c
Under age 3	2,885,000	2,885,000	17,888	0.6%
Age 3 to 5	2,691,000	2,044,200	578,407	28.3%
Age 3	915,000	915,000	161,000	17.6%
Age 4	852,000	852,000	375,666	44.1%
Age 5	924,000	277,200	41,741	15.1%

^aEstimates prepared by the Congressional Research Service (CRS) from the March 1990 current Population survey (CPS). based on the percentage of children living in families with income below the Federal Poverty Income guidelines or living in families receiving AFDC, in 1989, applied to the projected population as of July 1, 1991.

^bU.S. Dept of Health and Human Services. Office of Human Development Services. Administration for Children, Youth and Families, Jan. 1991.

^cNumber of children participating in Head Start as a percentage of the economically eligible population. Participation rates assume that 30 percent of eligible 5-year-olds are not enrolled in public kindergarten and are, therefore, candidates for Head Start.

Source of Data: CRS #91-572 EPW (7/31/91)
Table Adapted by NHSA

**Table 3. Estimate of Head Start Eligibility/Participation
Under Medicaid Guidelines (133% of Poverty)**

Age	Eligible @ 133% of Poverty line*	Eligibles, not in public Kinder- garten	Enrolled in Head Start	Estimated percent served
Under age 3	3,375,000	3,375,000	17,888	0.5%
Age 3 to 5	3,375,000	2,587,500	578,407	22.4%
Age 3	1,125,000	1,125,000	161,000	14.3%
Age 4	1,125,000	1,125,000	375,666	33.4%
Age 5	1,125,000	337,500	41,741	12.4%

*Estimate based on 1989 census data indicating 6,750,000 children living families with incomes at or below 133% of the poverty line. Estimates assume that each age cohort is equal to one-sixth of the total (6,750,000/6 = 1,125,000 children).

Source of Data: Children's Defense Fund

Footnotes

¹The Head Start Act, PL 97-35, Sec. 637 and 652.

²White House, "National Education Goals", January 31, 1991.

³ACYF/OHDS/HHS, "Project Head Start Statistical Fact Sheet", January 1991.

⁴Gabe, Stewart, "Head Start: Percentage of Eligible Children Served and Recent Expansions", Congressional Research Service # 91-572, July 30, 1991.

⁵National Head Start Association, Head Start: The Nation's Pride. A Nation's Challenge. The Report of the Silver Ribbon Panel, Alexandria, VA, 1990.

⁶Office of Inspector General/HHS, "Dysfunctional Families in the Head Start Program: Meeting the Challenge." 1990.

⁷Ruggles, Patricia, Drawing the Line: Alternative Poverty Measures and Their Implications for Public Policy. Urban Institute Press, Washington D.C., 1990.